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# Opposition, From Both Parties, Over Bailout Plan

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WASHINGTON — The Bush administration's plan to rescue the nation's two largest mortgage finance companies ran into sharp criticism in Congress on Tuesday as some lawmakers questioned the open-ended request for money that could be used to help the companies.

The criticism prompted House leaders to push back their timetable for approving emergency housing legislation, saying final action would take at least until early next week. A growing number of Republicans had voiced skepticism and, in some cases, angry opposition, to the administration's proposal to help the two companies, [Fannie Mae](#) and [Freddie Mac](#).

It was unclear whether the criticism was hand-wringing before Congress ultimately adopted the rescue package or whether it meant a delay or that major changes to the proposal were in the works.

The Republican opposition threatened to incite an ugly intramural fight with the White House. In a high-stakes election year, the resistance reflected the deep fear among some lawmakers that the plan could set off a large taxpayer bailout, touching off a wave of voter anger in November.

For some lawmakers facing tough re-election contests, opposing the rescue plan is a way to reaffirm their identity as budget hawks while publicly breaking with a deeply unpopular lame-duck administration.

The rescue plan, which was hastily prepared over the weekend after a punishing week in the stock market for Fannie Mae and Freddie Mac, calls on Congress to give the administration the authority for up to 18 months to inject billions of dollars into either company through investments and loans.

[Henry M. Paulson Jr.](#), the Treasury secretary and the proposal's architect, insisted on Tuesday that he had no plan to make any immediate investments or loans, but that he simply wanted to send a signal to jittery financial markets that the companies had the support of the United States government.

While administration officials continued to express confidence that Congress would act soon, the day's events suggested that the lawmakers might impose some limits on the plan.

President Bush told reporters at a news conference on Tuesday morning that it was vital for Congress to act soon. "I urge members to move quickly to enact the plan in its entirety," Mr. Bush said. "These two enterprises play a central role in our housing finance system."

His views were supported by Senator [Mitch McConnell](#) of Kentucky, the Republican leader, who said he expected that the administration's proposal would be included in the housing package and that he expected it would be approved sooner rather than later.

"I'm optimistic we are going to complete the process this week," Mr. McConnell said, "and also optimistic that the administration's recommendations are going to be part of it."

As other Republicans voiced their concerns, however, [Steny H. Hoyer](#) of Maryland, the Democratic majority leader in the House, said he expected that hearings would have to be held and that the House would not vote on the bill before next Tuesday.

At a Senate hearing Tuesday, Mr. Paulson found himself on the defensive as Democrats and Republicans repeatedly asked him how he could expect Congress to give him — and his successor — a blank check.

Mr. Paulson walked lawmakers through his logic. By giving him the authority to spend an unlimited amount of money, he said, the markets would accept that the government's commitment is solid, and that would increase confidence.

In turn, that would significantly decrease the odds that the government would need to spend any money at all.

"If you've got a squirt gun in your pocket you may have to take it out," he said. "If you've got a bazooka, and people know you have it, then you may not have to take it out. By making it unspecified, it will greatly expand the likelihood it will not have to be used."

But the logic did not seem appealing to several Republicans and Democrats on the banking committee, who raised concerns about taxpayer exposure, and left unspoken the view that Congress would not quickly surrender the power of the purse.

"You don't want to put a dollar amount — I understand the reasons for ambiguity and not stating things," said Senator [Richard C. Shelby](#) of Alabama, the senior Republican on the committee. "I think you are risking taxpayer dollars here. To give you — we have respect for you at Treasury — a blank check? I'm not so sure. We'll have to talk."

Mr. Shelby added, "I fear we're sitting on a financial powder keg."

Senator [Robert Menendez](#), Democrat of New Jersey, said he had some concerns about the plan.

"How is it that we can tell the taxpayers that there is no way you are going to be put on the hook here?" he asked.

Some lawmakers viewed the unlimited financing request as the administration's opening negotiating position. It also reflected a political budget reality. If the administration were to put a specific dollar request in the plan, it could force budget officials to recognize that amount on the government's books, adding to the deficit or possibly leading lawmakers to insist, under the pay-as-you-go rule, to raise taxes or cut spending elsewhere.

The strongest criticism came from Republicans.

"When I picked up my newspaper yesterday, I thought I woke up in France," Senator [Jim Bunning](#), Republican of Kentucky, said at the hearing. "But no, it turns out socialism is alive and well in America."

Mr. Bunning complained that Mr. Paulson would be gone in January, while most lawmakers “will be sitting at the table” left paying the bill.

“You want an unlimited amount and some of us at this table don’t like an unlimited amount of federal dollars,” Mr. Bunning said in a particularly testy exchange. “Do you really think we can believe exactly what you are saying, Secretary Paulson?”

“I believe everything I say,” Mr. Paulson replied. “I’ve been around markets for a long time.”

“So have I,” Mr. Bunning angrily responded. “Where will the money come from if, in fact, we have to use the backstop?”

After Mr. Paulson replied that he did not think any money would be needed, Mr. Bunning said, “That doesn’t answer my question. Where is the money going to come from?”

“From the government,” Mr. Paulson said.

“And who is the government?” Mr. Bunning asked.

“The taxpayer,” Mr. Paulson said.

Mr. Paulson suggested that if Mr. Bunning did not like the plan, he should vote against it.

“I will do everything I can to stop it,” Mr. Bunning said, referring to the Treasury’s plan.

“And maybe you can come up with a better plan,” Mr. Paulson tartly replied.

Senator [Chuck Hagel](#), Republican of Nebraska, asked why the companies’ management should not be held accountable.

Mr. Paulson responded that since the companies were in one line of business and had not been lax in their lending standards, there was no reason to take it out on the executives.

“My experience with the management has been a constructive experience,” he said. “I’m not looking for scapegoats here.”

Across the Capitol, meanwhile, Republican lawmakers, including the House minority leader, [John A. Boehner](#) of Ohio, the party whip; Representative Roy Blunt of Missouri; and the senior Republican on the House Financial Services Committee, Spencer Bachus of Alabama, all urged Democrats to take more time to go over the administration’s proposal.

Democrats, who found themselves in an unusual alliance with the Bush administration, immediately criticized the Republicans for endangering the economy by trying to stall the housing legislation.

Democratic leaders have said they would incorporate the Treasury plan to aid the mortgage giants into a package of housing legislation that includes a plan to help hundreds of thousands of borrowers at risk of foreclosure to refinance their mortgages. Representative [Barney Frank](#), Democrat of Massachusetts, and one of the authors of the housing legislation, had initially predicted that the House would add the administration’s plan and act on the housing package this week.